

Glossary of Terms

TERM	DEFINITION	REFERENCE
Annual Earnings Exempt Amount	Amount of wages an annuitant can earn in a given year without incurring a reduction in the Tier I portion of their annuity	(312) 751-4779
Annuity Estimates	A report provided to employers with annually updated annuity estimates for their employees who meet the minimum service requirements for annuities under the RRA.	Part VIII, Chapter 3
Back Pay	A retroactive wage increase.	Part IV, Chapter 4
Bonus Pay	Examples of bonus pay are safety awards, incentive awards, suggestion awards etc., these types of payments are creditable compensation because they are payments made in consideration of services.	Part IV, Chapter 9
Cafeteria Plan	A package of employment benefits from which employees make elections.	Part IV, Chapter 12
Common Paymaster	Two or more related railroads who concurrently employ the same individual and compensate that individual through a common paymaster which is one of the railroads.	Part IV, Chapter 10
Contact Official	Each railroad employer designates a contact person or persons to receive calls and correspondence within a certain subject area. To designate or change the designation of a contact official, file Form G-117a, Designation of Contact Official.	Part I, Chapter 2
Contract Services	Work performed for a non-covered employer under contract to a railroad employer. Contract work may be covered under the acts, in certain circumstances, even though the contractor is not a covered employer.	Part IV, Chapter 8
Contributions	The Railroad Unemployment Insurance Act (RUIA) tax is referred to as a contribution	(312) 751-4550
Covered Employer	This refers to a railroad employer who is covered under the Railroad Retirement and Railroad Unemployment Insurance Acts. Coverage under the acts is determined by the General Counsel of the Railroad Retirement Board. (RRB)	Part I, Chapter 1
Creditable Compensation	This refers to earnings which are Creditable under the Railroad Retirement and Railroad Unemployment Insurance Acts. These earnings are reported to the RRB on Form BA-3a, Annual Report of Creditable Compensation and are used to calculate benefits under the acts.	Part IV
Current Connection	A current connection to the railroad industry is needed for certain types of benefits. Current connection determinations are made at the time an employee retires.	
Deemed Service Month	A month that the RRB credits or deems to be a service month even though the employee did not perform service in the month. Deemed months are provided by law and are based on the employee's Tier II earnings and require an employment relationship in the month(s).	Part VIII, Chapter 4
Dismissal Allowance	Payments to an employee who retains an employment relation and employee rights but has no position or job. Such payments result in creditable service and	Part IV, Chapter 5

	compensation.	
Displacement Allowance	An allowance paid to an employee who has been displaced from his position but who retains employment rights. A MDA is creditable as both service and compensation.	Part IV, Chapter 6
Earned Basis	Compensation is credited with respect to the payroll period in which it was earned even though paid and reported at a later date.	Part IV, Chapter 1
Earnings Base	The earnings ceiling above which taxes are not assessed.	Part III, Chapter 3
Employment Relation	The relation of employee to employer. an employment relation is necessary for the crediting of railroad service. Not to be confused with current connection.	Part III, Chapter 2
Form GL-24	Notice that name & SSN on employer report do not agree with SSA records	Part VIII, Chapter 6
Form GL-77a	Notice that name on employer report differs from name previously reported.	Part VIII, Chapter 6
Gross Earnings	The total compensation paid to an employee in a year irrespective of the compensation bases for the year. The Report of Gross Earnings is a sample report including only employees whose social security numbers end in 30.	Part VI, Chapter 4
Group Term Life Insurance	The cost of this employer provided benefit is excluded from compensation for up to \$50,000 coverage.	Part IV, Chapter 12
Holiday Pay	Holiday Pay or Birthday Bonus is creditable compensation. Service is credited for the month of the holiday or birthday.	Part IV, Chapter 9
Lag Compensation	Compensation needed prior to the time the compensation report is due at the RRB in order to pay benefits.	Exhibit 10 Exhibit 11
Miscellaneous Compensation	Compensation subject to Tier I tax but which cannot be reported as regular compensation.	Part IV, Chapter 3
Monthly Displacement Allowance	See displacement allowance.	Part IV, Chapter 6
Paid Basis	Compensation is credited and reported to the reporting period in which the compensation is paid, regardless of when the services were performed which generated the compensation.	Part IV, Chapter 1
Pay for Time Lost	Creditable compensation attributable to wages lost for an identifiable period of absence from active service. Pay for time lost is credited to the period for which the time was lost.	Part IV, Chapter 6
Prior Service	Railroad service performed prior to 1937	
Productivity Funds	Cost containment plans generally administered by bank trust plan departments. Payments are creditable Tier compensation but usually do not yield additional RUIA compensation and do not yield service month credit.	Part IV Chapter 9
Profit Sharing/ Loss Sharing	Payments made under profit sharing plans are creditable as service and compensation.	Part IV, Chapter 9
Purchase of	Payment to an employee for the termination or "purchase" of an employee right or	Part IV,

Employee Benefits	benefit is creditable compensation.	Chapter 9
Records Retention	Employers are required by law to retain payroll records on which their service and compensation reports are based for five years from the date the compensation report was due at the RRB.	Part VII, Chapter 3
Relinquishment of Rights	Before an employee may receive an annuity based on age he or she must give up any seniority or other rights to return to work for any railroad employer.	Part IV Chapter 7
Separation Allowance Severance Pay	A payment made to an employee in consideration of the employee relinquishing his or her employment rights. A separation allowance or severance payment is creditable compensation and may yield one creditable service month.	Part V, Chapter 5
Service Month	A month in which an employee performs service for remuneration or is constructively in service, such as in receipt of vacation pay, a monthly displacement allowance, pay for time lost, and etc. A service month cannot be credited after the employment relationship ceases. See also "deemed service".	Part III, Chapter 1, and Chapter 3
Sick Pay	Compensation paid under a plan available on the same basis to employees in a like class and payable for days not worked due to injury, illness, sickness, disease, pregnancy, childbirth and subject only to Tier I tax under the RRTA.	Part IV, Chapter 2
Statute of Limitation	The time for notifying the RRB of an error in reported service and/or compensation is limited to 4 years under the RRA, and 18 months under the RUIA, from the date the report was due to be filed.	Part VII, Chapter 2
Stock options	Shares of stock awarded to an employee as a bonus or in lieu of some earnings is considered creditable compensation.	Part IV, Chapter 9
Supplemental tax	A supplemental tax is assessed on each payroll man hour. This tax is collected by the Internal Revenue Service (IRS) and is used to pay supplemental benefits. The tax rate is determined by the RRB and published quarterly.	(312) 751-4915
Tier I/Tier II	The levels or structure within which compensation is credited and taxed.	Part III, Chapter 4
Tips	Tip earnings of \$20 or more per month are creditable as Tier I and Tier II compensation and are to be included in the annual report of service and compensation.	Part IV, Chapter 9
Vacation Pay	A payment made to an employee for a period of vacation for which the employee does not work or a payment in lieu of a vacation period.	Part IV, Chapter 3